

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-10
L-03 NSAE-00 PA-02 SP-02 SS-15 CEA-01 STR-07
NSCE-00 SSO-00 ICAE-00 INRE-00 AID-05 COME-00
EB-08 FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01
AGRE-00 IO-14 /104 W

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O R 081415Z JUL 78
FM AMCONSUL BREMEN
TO SECSTATE WASHDC IMMEDIATE 2669
INFO DEPT OF TREASURY
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE

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PARIS ALSO FOR USOECD- BRUSSELS ALSO USEEC.

E.O. 11652 N/A

TAGS: EEC, ECO

SUBJ: EUROPEAN COUNCIL, JULY 6-7, 1978: GERMAN PRESIDENCY
CONCLUSIONS ON ECONOMIC AND SOCIAL STRATEGY

1. FOLLOWING IS TEXT OF GERMAN COUNCIL PRESIDENCY'S
CONCLUSIONS CONCERNING JULY 6-7 EUROPEAN COUNCIL'S DISCUSSIONS
OF THE WORLD AND COMMUNITY ECONOMIC AND SOCIAL SITUATIONS,
EC ECONOMIC, SOCIAL, AND STRUCTURAL POLICIES, MEDITERRANEAN
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AGRICULTURE, AND EC RELATIONS WITH THE DEVELOPING WORLD.
PRESIDENCY CONCLUSIONS ON OTHER ASPECTS OF SUMMIT DISCUSSIONS
OF A COMMON EC ECONOMIC AND SOCIAL POLICY (MONETARY COOPERATION,
TRADE POLICY, AND ENERGY) ARE BEING REPORTED SEPTELS.

2. BEGIN TEXT:

(A) THE ECONOMIC AND SOCIAL SITUATION:

THE EUROPEAN COUNCIL STATES THAT IN THE FACE OF THE DANGERS RESULTING FROM THE SERIOUS DISRUPTIONS OF THE WORLD ECONOMY, ESPECIALLY SINCE THE END OF 1973, THE COMMUNITY HAS COME THROUGH A VERY TESTING TIME, PROVED ITS COHESION AND THEREBY MADE A DECISIVE CONTRIBUTION TO THE STABILIZATION OF THE WORLD ECONOMY.

HOWEVER, THE SITUATION WITHIN THE COMMUNITY IS NOT YET SATISFACTORY. CONSEQUENTLY, THE EUROPEAN COUNCIL, MEETING IN COPENHAGEN IN APRIL 1978, INSTRUCTED THAT A COMMON STRATEGY BE EVOLVED TO OVERCOME THE UNSATISFACTORY TENDENCY OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE COMMUNITY.

THE COMMUNITY AND THE MEMBER STATES WILL CLOSELY CO-ORDINATE THEIR ACTION WITH THE OTHER MAJOR INDUSTRIAL COUNTRIES WHICH ARE THEIR PARTNERS, SINCE THE PROBLEMS INVOLVED WILL BE OVERCOME BETTER BY MEANS OF CLOSE INTERNATIONAL CO-OPERATION EXTENDING BEYOND EUROPE, IN WHICH HEED MUST ALSO BE PAID TO THE DEVELOPING COUNTRIES' INTERESTS. THE MEETING OF HEADS OF STATE AND OF GOVERNMENT OF THE SEVEN MAJOR INDUSTRIAL NATIONS IN BONN ON 16 AND 17 JULY 1978, AT WHICH THE COMMUNITY IS TO BE REPRESENTED BY THE PRESIDENT OF THE COUNCIL AND THE PRESIDENT OF THE COMMISSION, WILL PROVIDE A GOOD OPPORTUNITY FOR THIS. THE EUROPEAN COUNCIL HAS ARRIVED AT THE CONCLUSIONS SET OUT BELOW REGARDING THE ACTION TO BE TAKEN BY THE COMMUNITY AND IN THE MEMBER STATES.

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(B) ECONOMIC POLICY:

THE EUROPEAN COUNCIL HAS DECIDED ON A COMMON APPROACH IN ORDER TO ACHIEVE A CONSIDERABLY HIGHER RATE OF ECONOMIC GROWTH AND THUS REDUCE THE LEVEL OF UNEMPLOYMENT IN EUROPE BY FIGHTING INFLATION, ESTABLISHING A GREATER MEASURE OF MONETARY STABILITY, EXPANDING INTERNATIONAL TRADE, ACHIEVING PROGRESS IN THE ENERGY SECTOR, REDUCING REGIONAL DISPARITIES AND STIMULATING DEMAND. IN PURSUING THIS COURSE NO NEW DANGERS MUST ARISE TO THREATEN THE ECONOMIC BALANCE. IN PARTICULAR, THE EFFORTS TO REDUCE INFLATION AND DISPARITIES IN COST AND PRICE TRENDS BETWEEN THE INDIVIDUAL COUNTRIES MUST BE CONTINUED.

A COMMON APPROACH BY MEANS OF COMPLEMENTARY MEASURES WILL HELP TO MINIMIZE THE INTERNAL AND EXTERNAL ECONOMIC POLICY CONSTRAINTS OF INDIVIDUAL MEMBER STATES AND INCREASE THE EFFECTIVENESS OF SUCH MEASURES.

ALL MEMBER STATES WILL TAKE THE NECESSARY MEASURES ACCORDING TO THE ROOM FOR MANOEUVRE UNDER THEIR RESPECTIVE

ECONOMIC POLICIES. THE SCOPE AVAILABLE TO INDIVIDUAL MEMBER STATES DEPENDS, OF COURSE, ON THEIR DIFFERENT SITUATIONS, NOTABLY THE SUCCESS OF THEIR EFFORTS TO FIGHT INFLATION, THEIR BLANCE-OF-PAYMENTS SITUATION, THEIR FOREIGN CURRENCY RESERVES, THE SIZE OF THEIR PUBLIC-SECTOR DEFICITS AND THE EXTENT OF THEIR UNUSED PRODUCTION CAPACITIES. COUNTRIES WITHOUT INFLATION AND BLANCE -OF-PAYMENTS PROBLEMS WILL DO MORE TO INCREASE DOMESTIC DEMAND, IN PARTICULAR INVESTMENT DEMAND AND RATE OF ECONOMIC GROWTH. COUNTRIES WITH STEEPLY RISING PRICES WILL FIRST CONCENTRATE IN PARTICULAR ON UNDESIRABLE INFLATIONARY DEVELOPMENTS.

THIS CO-ORDINATED APPROACH IN ALL AREAS OF ECONOMIC POLICY SHOULD HELP STRENGTHEN THE CONFIDENCE OF INVESTORS
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AND CONSUMERS IN LONGER-TERM GROWTH PERSPECTIVES.

(C) MEASURES TO PROMOTE EMPLOYMENT:

THE EUROPEAN COUNCIL CONFIRMS ITS VIEW THAT IMPROVING THE EMPLOYMENT SITUATION BY MEANS OF INCREASED GROWTH IS A CRUCIAL OBJECTIVE OF THE COMMUNITY.

IT NOTES THAT THE COMMUNITY IS ALREADY PROVIDING CONSIDERABLE ASSISTANCE THROUGH THE EUROPEAN SOCIAL FUND AND THE EUROPEAN REGIONAL FUND. IT CALLS UPON THE COUNCIL OF MINISTERS OF LABOUR AND SOCIAL AFFAIRS TO DECIDE ON MEASURES TO COMBAT YOUTH UEMPLOYMENT WITHIN THE FRAMEWORK OF THE EUROPEAN SOCIAL FUND SO THAT SUCH MEASURES CAN COME INTO FORCE ON 1 JANUARY 1979.

(D) TRIPARTITE CONFERENCE WITH BOTH SIDES OF INDUSTRY:

THE EUROPEAN COUNCIL EMPHASIZES THE IMPORTANCE OF TRIPARTITE CONFERENCES WITH BOTH SIDES OF INDUSTRY AND WELCOMES THE DECISION TO HOLD ANOTHER CONFERENCE WITH BOTH SIDES OF INDUSTRY IN THE AUTUMN TO CONSIDER, IN ACCORDANCE WITH THE OUTCOME OF THE PREVIOUS CONFERENCE, THE RELATONSHIP BETWEEN INVESTMENT, EMPLOYMENT AND COMPETITION, WORK SHARING AND EMPLOYMENT IN THE SERVICES SECTOR.

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AGRE-00 IO-14 /104 W
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O R 081415Z JUL 78
FM AMCONSUL BREMEN
TO SECSTATE WASHDC IMMEDIATE 2670
INFO DEPT OF TREASURY
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(E) STRUCTURAL POLICY:

THE EUROPEAN COUNCIL CONCLUDES THAT PRESERVING AND IMPROVING
THE COMPETITIVENESS OF INDUSTRY AND INCREASING ITS
INNOVATIVENESS ARE IMPORTANT REQUIREMENTS FOR A HIGHER LEVEL
OF ECONOMIC GROWTH AND THE CREATION OF NEW JOBS. CONSEQUENTLY,
A GREATER READINESS TO UNDERGO STRUCTURAL CHANGES MUST, HOW-
EVER, TAKE PLACE UNDER SOCIALLY ACCEPTABLE CONDITIONS. THE
COMMUNITY IS MAKING ITS CONTRIBUTION TO THIS BY MEANS OF ITS
FINANCING INSTRUMENTS, WHICH HAVE RECENTLY BEEN CONSIDERABLY
EXTENDED. WHERE PUBLIC INTERVENTION IS JUSTIFIED IN
EXCEPTIONAL CASES ON SPECIFIC ECONOMIC AND SOCIAL GROUNDS,
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THE ASSISTANCE PROVIDED MUST BE FOR A LIMITED PERIOD AND
DESIGNED, SUBJECT TO THE RULES IN THE TREATIES OF ROME, TO
FACILITATE STRUCTURAL ADJUSTMENT.

(F) MEDITERRANEAN AGRICULTURE:

THE EUROPEAN COUNCIL CONSIDERS THAT THE DECISIONS TAKEN BY
THE COUNCIL (MINISTERS OF AGRICULTURE) ON 12 MAY 1978

CONSTITUTE A CONTRIBUTION TO SOLVING THE AGRICULTURAL PROBLEMS IN THE COMMUNITY'S MEDITERRANEAN REGIONS. IT NOTED WITH SATISFACTION THAT THE COUNCIL (AGRICULTURE) HAD DECIDED TO ADOPT A POSITION BY 30 SEPTEMBER 1978 ON THE COMMISSION PROPOSALS STILL OUTSTANDING.

THE COUNCIL IS OF THE OPINION THAT DUE CONSIDERATION MUST CONTINUE TO BE GIVEN TO THE SPECIAL AGRICULTURAL STRUCTURAL AND MARKET PROBLEMS IN THE MEDITERRANEAN REGIONS AND IN OTHER LESS-FAVoured REGIONS.

(G) RELATIONS WITH THE DEVELOPING COUNTRIES:

THE EUROPEAN COUNCIL IS OF THE OPINION THAT PROGRESS IN THE NORTH-SOUTH DIALOGUE IS ESSENTIAL FOR THE SOLVING OF INTERNATIONAL ECONOMIC PROBLEMS AND THE SAFEGUARDING OF WORLD PEACE AND STABILITY. IT REAFFIRMS ITS WILL TO STRIKE A BALANCE OF INTERESTS BETWEEN NORTH AND SOUTH EVEN IN DIFFICULT TIMES. THIS REQUIRES THE INDUSTRIALIZED COUNTRIES' MARKETS TO BE OPEN TO PRODUCTS FROM THE DEVELOPING COUNTRIES. FULL INTEGRATION OF THE DEVELOPING COUNTRIES INTO THE WORLD TRADE SYSTEM REPRESENTS A CONSIDERABLE CONTRIBUTION TO THIS EXTENSION OF WORLD TRADE.

AT THE SAME TIME THE COMMUNITY AND THE MEMBER STATES WILL
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CONTINUE AND STEP UP ON A WORLDWIDE BASIS THE DEVELOPMENT ASSISTANCE WHICH THEY PROVIDE.

EFFORTS TO ACHIEVE CONSTRUCTIVE RESULTS IN THE CURRENT NEGOTIATIONS ON A COMMON FUND AND INDIVIDUAL COMMODITY AGREEMENTS ARE TO BE CONTINUED. IN THIS CONTEXT, THE STABILIZATION OF EXPORT EARNINGS SHOULD RECEIVE FURTHER STUDY.

THE EUROPEAN COUNCIL REGARDS THE LOME CONVENTION AS AN IMPORTANT PART OF NORTH-SOUTH CO-OPERATION AND LOOKS FORWARD TO SUCCESSFUL NEGOTIATIONS ON ITS RENEWAL.

THE EUROPEAN COUNCIL CONSIDERS THAT THE WORLDWIDE INTER-CONNECTIONS BETWEEN THE ECONOMIC ACTIVITIES OF ALL CONCERNED - INCLUDING THE STATE-TRADING COUNTRIES - CALL FOR COMMON ACTION ON A BASIS OF JOINT RESPONSIBILITY. IT CONTINUES TO PLACE ITS TRUST IN A FAVOURABLE CLIMATE OF CO-OPERATION IN THE UNITED NATIONS AND EMPHASIZES THE COMMUNITY'S FIRM RESOLVE TO RENDER NORTH-SOUTH RELATIONS MUTUALLY ADVANAGEOUS BY MEANS OF CO-OPERATION, PARTNERSHIP AND READINESS TO PLAY A GREATER PART.
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